Hamilton Economic Development
REVIEW 2002

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Please Note: Information contained in this review has been obtained from a variety of sources. Every effort has been made to ensure the accuracy of this information. The City of Hamilton cannot be held responsible for any inaccuracies or omissions.

A MESSAGE FROM THE MAYOR

The Hamilton economy in 2002 recorded a very solid performance. Consider, for example, that last year's building permit values, and especially the non-residential permits, were at an all-time high.

Over the last two years, the City has worked extremely hard at installing the fundamentals for economic growth. This includes major initiatives such as the Annual Business Planning & Budget Process, the Business Tax Reduction Plan, the Economic Development Strategy, the Human Resources Strategy, the Brownfields & Downtown Renewal incentive programs, and our Open for Opportunity Task Force that focused specifically on the elimination of red tape in the development process.

And, we are not finished yet! In 2003, the City is investing significant capital dollars in economic development related infrastructure. This will include the servicing of land surrounding the John C. Munro Hamilton International Airport, our Stoney Creek and Ancaster Industrial Business Parks, and the completion of the Red Hill Creek Expressway.

Operationally, City staff are continually pushing efficiencies and innovation. One such example is our state-of-the-art Geographic Information System for economic development, to be launched this spring.

I invite you to take a few moments to read through our 2002 Economic Development Review. You'll see that Hamilton is poised to enjoy another very prosperous year in 2003.

- Mayor Robert Wade, City of Hamilton

GENERAL ECONOMIC INDICATORS

ACTIVITY	1998	1999	2000	2001	2002
Bankruptcies[1]					
Business	159	150	112	110	105
Consumer	1,590	1,493	1,355	1,437	1,508
Building Permits[2]					
(Total Value in Millions)	440	370	480	515	664
Canadian Bond Rating[3]	AA+	AA	AA	AA	AA
Housing Starts[4]	1,848	1,923	1,556	1,873	2,288
Housing Completions[4]	1,834	1,878	1,786	1,713	2,255
Social Assistance[5]					
Beneficiaries	21,271	34,289*	28,016	25,615	25,798
Caseload	10,661	13,968c	12,377	11,159	11,187
Unemployment Rate (Hamilton CMA)[6]	5.2	4.9	5.0	6.1	6.8

[1] Industry Canada, Office of the Superintendent of Bankruptcy

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[3] Canadian Bond Rating Service

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[5] Public Health & Community Services, City of Hamilton

[6] Statistics Canada, calculations by Labour Market Information Unit, Human Resource and Development Canada

* In 1999, the municipality assumed responsibility for the former Family Benefits Allowance. Caseload of over 5,000 single parent families were moved to Ontario Works

DEMOGRAPHICS & STATISTICS

COMMUNITY	POPULATION			AREA (SQ. KM)	PRIVATE DWELLINGS		
	1991	1996	2001		1991	1996	2001
Ancaster	21,988	23,403	27,485	174.55	6,865	7,545	9,240
Dundas	21,868	22,125	24,394	24.20	7,745	8,500	9,316
Flamborough	29,616	34,037	37,796	489.90	9,615	11,320	12,911
Glanbrook	9,726	10,564	12,145	202.74	3,080	3,485	4,491
Hamilton	318,499	322,352	331,121	122.99	125,170	129,395	138,093
Stoney Creek	49,968	54,318	57,327	98.60	16,240	18,170	20,103
City of Hamilton	**451,665**	**466,799**	**490,268**	**1112.98**	**168,715**	**178,415**	**194,154**

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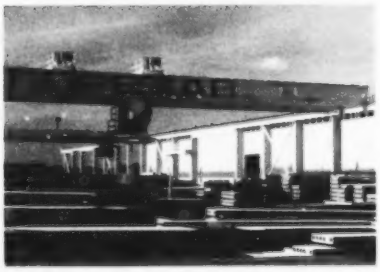
* Source: Statistics Canada - Census 2001, 1996, 1991
* Note: Dwelling counts for 2001 incorporate both occupied and unoccupied, 1996 and previous census account for occupied dwellings only

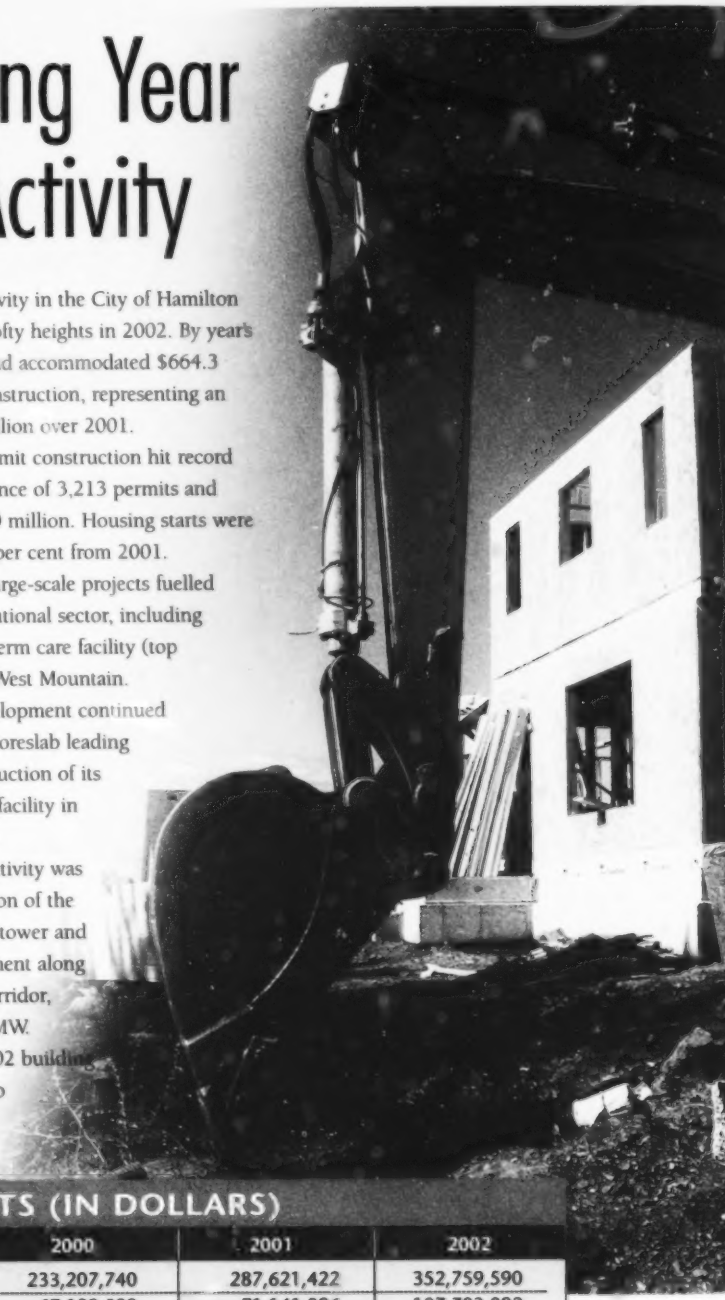
Another Outstanding Year For Construction Activity



Construction activity in the City of Hamilton reached some lofty heights in 2002. By year's end, the City had accommodated $664.3 million worth of construction, representing an increase of $149 million over 2001.

- Residential permit construction hit record levels with the issuance of 3,213 permits and a value of over $350 million. Housing starts were also up – about 22 per cent from 2001.
- A number of large-scale projects fuelled growth in the institutional sector, including the St. Peter's long-term care facility (top left) on Hamilton's West Mountain.
- Industrial development continued to be strong, with Coreslab leading the way with construction of its 80,000-square-foot facility in West Flamborough.
- Commercial activity was paced by construction of the Canada Place office tower and continued development along the Upper James corridor, including Budds' BMW.

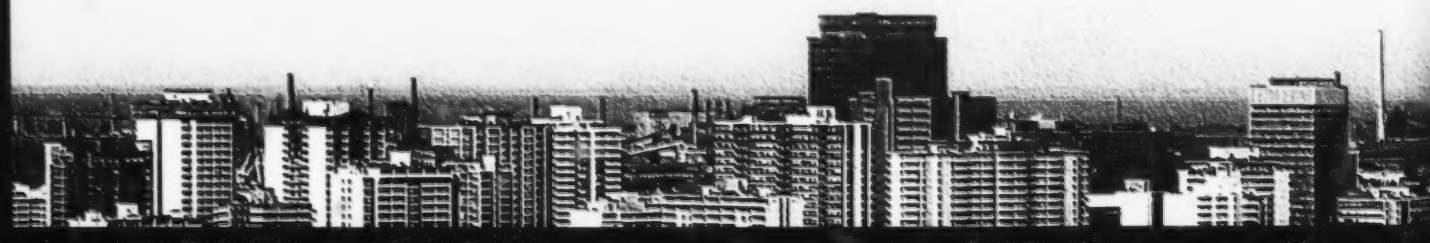
For more on 2002 building permit activity, go to www.hamilton.ca.



BUILDING PERMITS (IN DOLLARS)

	1998	1999	2000	2001	2002
Residential	226,013,908	244,559,404	233,207,740	287,621,422	352,759,590
Commercial	59,141,456	51,952,309	67,198,598	71,141,096	107,703,082
Industrial	77,837,647	39,323,242	63,467,437	55,240,986	50,435,054
Institutional	70,960,614	27,709,332	105,726,436	97,338,063	150,485,309
Agricultural	1,767,075	4,559,911	4,413,697	*	*
Miscellaneous	4,315,634	1,584,015	5,638,883	3,979,497	2,951,608
Total	**440,036,334**	**369,688,213**	**479,652,791**	**515,321,064**	**664,334,643**

*Source: City of Hamilton Building Department / * 2001 Agricultural combined with industrial*



Cluster Strategy Approved

In May 2002, City Council approved Hamilton's Economic Development Strategy, following months of extensive research and stakeholder input.

The strategy identified six clusters for development and investment: Advanced Manufacturing, Aerotropolis (Airport), Agriculture, Biotechnology, Film, and Information & Communications Technology (ICT).

They were selected because the City has inherent strengths in each of these sectors and, therefore, an opportunity exists to grow and compete globally.

As part of the City of Hamilton's new business planning process, the Economic Development Department has allocated staff, along with its current and capital budgets in 2003, to the development of each of the six clusters.

Short-, medium- and long-term deliverables were identified for each of these clusters and, to date, significant progress has been made to achieve many of these key objectives. Some of the accomplishments include:

- installation of fibre-optic cable in the Ancaster Industrial Business Park;
- policy development for City-wide application of the Brownfields program;
- an agricultural economic impact and development study;
- an Airport feasibility study to identify optimal and targeted users;
- a health/biotech profile and formation of a biosciences steering committee;
- an ICT sector profile and strategy;
- a digital film library for the promotion and attraction of film to Hamilton.

The economic development strategy is just "one piece of the puzzle." All City departments are now strategically focused on integrating their work to achieve the plan's goals.

TRUST PANEL MOVES ECONOMIC PLAN FORWARD

A Community Trust Panel was established to provide public input into the use of a $137 million Hydro windfall. The group made its recommendations and, with City Council's subsequent approval, approximately $24 million of the funds was invested in economic development-related initiatives.

Two of the recommendations were linked to the short-term deliverables referenced in the City's Economic Development Strategy – $5 million for the construction of a biotechnology incubator, and $5 million for infrastructure/servicing upgrades and expansion of industrial-zoned properties surrounding the Hamilton International Airport.

Business Tax Reduction Plan

In 2002, the City continued to improve its competitive position through the Business Tax Reduction (BTR) plan.

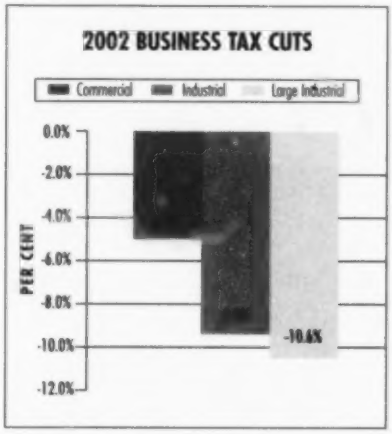
A $3.1 million municipal contribution was targeted strictly to commercial and industrial property classes.

BTR Cuts	2001	2002	To Date
Municipal	$12.3m	$7.1m	**$19.4m**
Provincial:			
Matching $ for $	$5.9m	$7.1m	**$13.0m**
Bus. Education Cuts	$6.4m	$4.5m	**$10.9m**
	$12.3m	$11.6m	**$23.9m**
Total BTR	$24.6m	$18.7m	$43.3m

In addition, $4 million was contributed to the BTR from the Hamilton Future Fund, and the Province agreed to match the municipal reduction.

When combined with the matching contributions from the Province and the further reduction of the business education tax rate, this resulted in an $18.7 million tax reduction in the commercial and industrial property tax classes.

The table at left shows the BTR cuts to date. Combined municipal and provincial contributions resulted in $43.3 million in cuts over the last two years.



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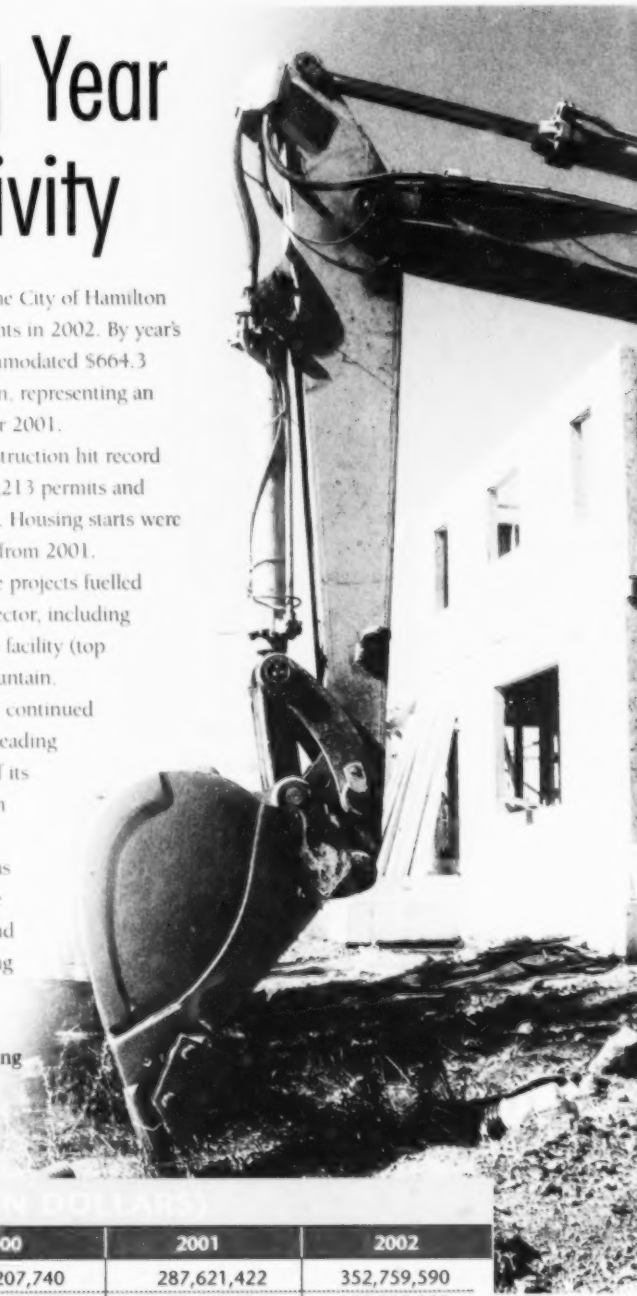

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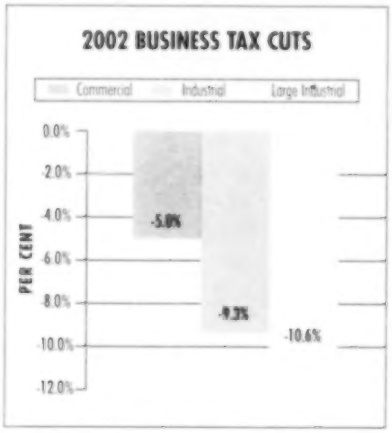

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Manufacturing A Better Tomorrow

Heavy industry and manufacturing are synonymous with the City of Hamilton, and success in this sector is key to the City's economic strength. In Hamilton, the manufacturing sector is "clustered" around the Port and extends along the industrial corridor out to Stoney Creek and includes the City-owned industrial business parks.

There were numerous highlights on the manufacturing front in 2002, some of which are featured on these pages.

Dofasco Makes $700M Investment

• Dofasco Inc. is making a $700 million investment in its Hamilton manufacturing operations to better position the Finishing Division against global competition. The revamp of operations will take place over the next five years to enhance quality, increase shipments, reduce costs and improve customer service. The move will significantly improve Dofasco's manufacturing capabilities. Already a market leader in the North American steel industry, the investment into the Finishing Division, in particular, will put Dofasco into a highly competitive position in the global steel industry and is expected to deliver excellent returns for the company.

Siemens Attracts New Business

• Siemens has succeeded in attracting business from a number of North American locations for its new and expanded transformer repair plant in Stoney Creek. The new 70,000-square-foot facility, which was officially opened in 2002, is helping the company to meet its objectives of expanding its share of business in an ever-growing market. Strategically located in Hamilton's East End adjacent to a key rail line, the new Siemens transformer and motor repair operation is in a position to better serve the entire North American market as well as projects destined for South America. The new Hamilton plant is fully equipped with the most advanced repair technology and is certified to the ISO 9001 quality standard.

Mohawk Offers New Degree

• Early in 2002, the Provincial government approved Mohawk College to offer a Bachelor of Applied Technology in Process Automation, Ontario's only such degree. In 2003, Mohawk is taking another strategic step forward in supporting the education and training of technology and engineering professionals, by establishing a $10.1 million Centre of Excellence in Industrial/Process Automation. With the support of a $2.6 million grant through Ontario's Strategic Skills Investment Program, this innovative public/private partnership in education will allow Mohawk College to help strengthen the economic competitiveness of Ontario's manufacturing sector through training and applied research.

Jervis Consolidates Operations

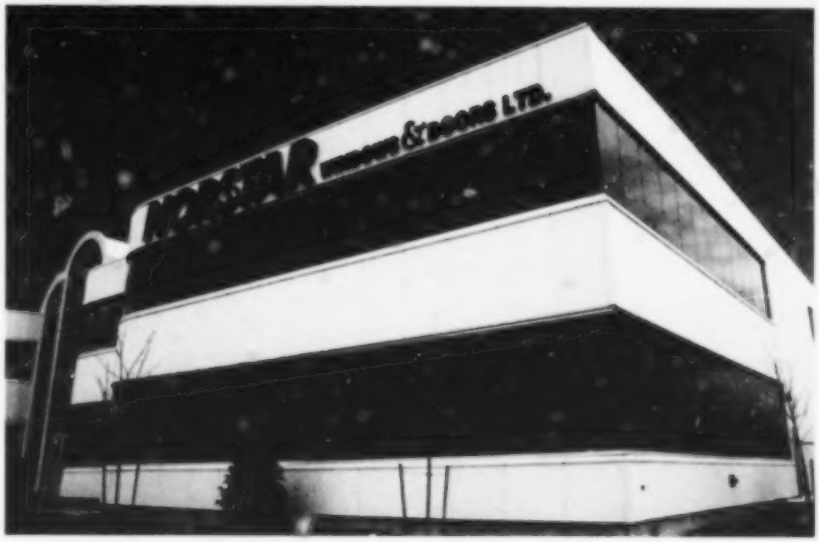
• The Jervis B. Webb Company of Canada decided to consolidate the majority of its North American manufacturing into its Hamilton plant. Jervis invested millions to upgrade the facility, relocate and purchase fabrication equipment. Jervis B. Webb is a full-service designer, manufacturer and installer of a variety of conveying systems. The majority of its business comes from the Ontario auto assembly and manufacturing industry. Jervis is currently contracted to produce the complete baggage handling system for the Greater Toronto Airport Authority's (GTAA) new terminal.

MMRI Expands To New Site

• The McMaster Manufacturing Research Institute (MMRI) was open just over a year when it needed to look for more space off-campus in 2002 to accommodate four new projects. The original 15,000-square-foot campus facility, which houses 13 industrial machines and a robot, is designed to meet the sophisticated research and development needs of leading manufacturers. The new Ancaster site houses 5,000 square feet of shop floor space and 9,000 square feet of office space. MMRI provides undergraduate and graduate students the opportunity to apply their knowledge to industry-relevant research and development.

Foxcroft Group Plans Expansion

• The Foxcroft Group of companies announced their intent to purchase a 260,000-square-foot warehouse at 1817 Burlington Street East. Hamilton Terminals Inc., a company strategically aligned with the Fluke Transportation Group, bought the former Procter & Gamble warehouse. The $3.8 million dollar investment means the Foxcroft Group has doubled the size of its warehousing operation in Hamilton.



Norstar Expands Workforce

• To keep up with double-digit growth and an expanding workforce, Norstar Windows & Doors recently constructed and moved to a new 80,000-square-foot facility in Stoney Creek. Norstar is a manufacturer and installer of residential, commercial and high-rise window and door products. Norstar was recently recognized by Profit Magazine as one of Canada's Top 300 Fastest Growing Companies.

Magna-Tech Comes To Town

• The City welcomed Magna-Tech Manufacturing to the business community in 2002. The U.S.-based auto parts-related firm relocated its Canadian operation from Oakville to Hamilton and now occupies over 30,000 square feet at 921 Barton Street. Magna-Tech chose Hamilton as a location for its proximity to upstate New York and the fact that the City is home to an international airport. Magna-Tech offers manufacturing services specializing in vacuum resin impregnation to seal porosity in castings and powder metal.

AMTS Building In Ancaster

• AMTS Ltd. is currently constructing two Class A Industrial Buildings in Ancaster Industrial Business Park. The two new buildings will be 33,800 square feet and 39,300 square feet, respectively, with 24-foot ceilings. The construction of these facilities, without confirmed tenants, is another positive indication of the demand for state-of-the-art, high quality industrial buildings in the City of Hamilton.

Port Authority Sets Winning Course

These are exciting times at the Port of Hamilton. With its first full year as a Canada Port Authority under its belt (The Hamilton Port Authority came into existence on May 1, 2001), the Port has new leadership and a dynamic team dedicated to maintaining its position as the leading Canadian Great Lakes port.

The economic impact of the Harbour is immense, accounting for over 30 per cent of the GDP of the Greater Hamilton Area, and far exceeds that of any other transportation hub regardless of the mode.

As Canada implements the Kyoto Protocol, it is expected that marine, and by extension the Port of Hamilton, will have an increasingly important role to play as a "green" alternative.

After dropping below 11 million tonnes of cargo throughput in 2001, the Port rebounded to exceed the 12 million tonne mark for the third time in five years, with 12,059,913 tonnes moved over its piers.

The Port's import and export numbers showed strong growth with double digit increases in both sectors.

If the indicators are correct, and the world's economy is not buffeted by the winds of war, the Port will improve upon these figures in 2003 and beyond. Growth is expected in all sectors but particularly in liquid cargo and on the agricultural front.

The Port's grain handler, James Richardson International, announced the transfer of its regional office to Eastport from Guelph, with a new office facility expected to open in March of 2003.

Bulk dry cargo, the Port's mainstay, will continue to play its traditional role with increased tonnage movements across the board. Iron ore movements are expected to remain steady as Canada's steel producers strive to remain profitable. Demand for construction material shows no signs of abating.

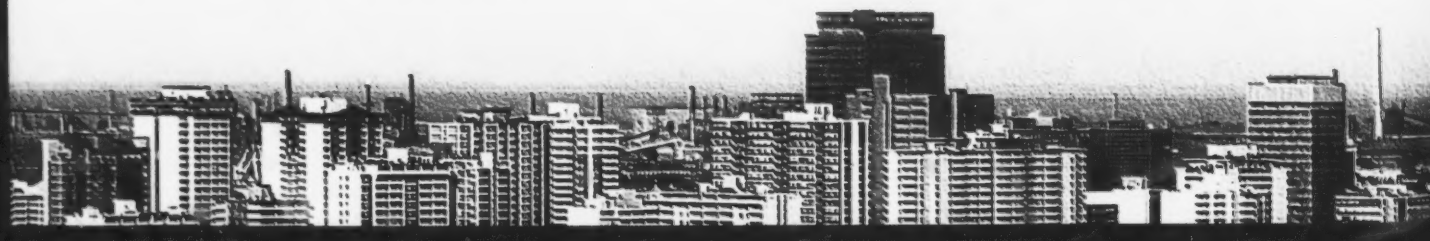
The Port recently announced plans for development of recreational facilities at the Fisherman's Pier area, complementing the soon-to-be-built Canadian Marine Discovery Centre on a former cargo dock at Pier 8 and a new home being prepared for the HMCS Haida on Pier 9.

It is expected that these piers will be important recreational destinations as the Port and City work in concert to integrate the population with the Harbour.

The Port is moving ahead with development of the Eastport Marine Industrial Park bringing new business, employment and much-needed tax revenue to the City. The Hamilton Port Authority looks forward to making more announcements in this regard throughout 2003.

PORT OF HAMILTON

	2001	2002	+/-	%
TONNAGE				
OVERSEAS				
Import	1,121,178	1,521,178	400,000	35.7
Export	86,938	106,155	19,217	22.1
Total	1,208,116	1,627,333	419,217	34.7
DOMESTIC & USA				
Import	8,864,519	9,458,439	593,920	6.7
Export	660,492	974,141	313,649	47.5
Total	9,525,011	10,432,580	907,569	9.5
TOTAL TONNES	10,733,127	12,059,913	1,326,786	12.4
VESSELS				
OVERSEAS				
Unloaded	147	152	5	3.4
Loaded	36	26	-10	-27.8
Total	183	178	-5	-2.7
DOMESTIC & USA				
Unloaded	382	423	41	10.7
Loaded	38	184	146	384.2
Total	420	607	187	44.5
TOTAL MOVEMENTS	603	785	182	30.2



Brownfield Efforts Paying Dividends

Brownfield re-development projects had a significant economic impact on the City in 2002. The Environmental Remediation and Site Enhancement Plan (ERASE) saw the re-development of 11.3 acres of industrial property and the construction or refurbishing of 228,000 square feet of building space.

Three of the 2002 Brownfield projects in Hamilton included the following:

• **425 Parkdale Avenue North** - A vacant and obsolete 160,000-square-foot industrial building with low ceilings was demolished and has been replaced by a state-of-the-art 186,000-square-foot industrial warehouse building with high ceilings and modern crane bays. The new building (at right) will be used for steel storage. Under the ERASE Program, the City of Hamilton is providing a $1 million re-development grant over a maximum of 10 years. This grant will leverage a $14 million project and increase the assessed value of the site by five times. The grant covers the cost of demolishing the old building and the replacing of old sewer and water lines. The re-development grant will be paid by the City to the owner out of a large increase in taxes on the site.

• **Barton & Crooks Streets** - Overlooking Hamilton Harbour, this site was a gas station some 50 years and was also subject to fill placement. It was bought in the late 1990s by Kimshaw Holdings and remediated using a generic stratified approach. The three-acre site is being developed for nine single-detached residences, 17 townhouse units and 3,000 square feet of commercial space. The City provided guidance to the developer and facilitated the required Ministry of Environment approvals.

• **667 Parkdale Avenue North** - A vacant lumber yard and hardware store, this site was turned into Your Storage And Office Company, a shared office and storage facility for licensed trades. An ERASE Environmental Study Grant was provided by the City for a Phase II ESA.

Award Recognizes City's Brownfield Program

The City of Hamilton's Economic Development Department received the Economic Development Achievement of the Year Award for 2002. The award was sponsored by EDAC (Economic Development Association of Canada) and RBC Financial Group.

The award, recognizing the City of Hamilton's Brownfield Re-development Program, was presented at the EDAC Annual Conference in Summerside, Prince Edward Island on September 28. Along with the award, the City receives a full-page promotional ad in Canadian Business Magazine along with a feature article.

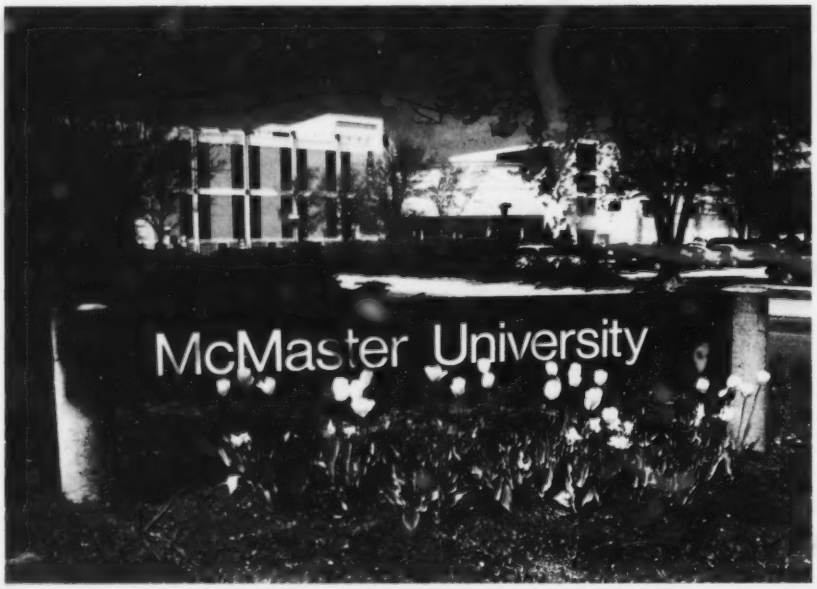
Biotech Sector Poised For Growth

Biotechnology is one of the world's fastest-growing industries, and the City of Hamilton is poised for tremendous growth in the sector because of the existing assets (including McMaster University, hospitals, research centres, and talented researchers) and because of the unique research being undertaken here.

Hamilton is already in the emerging stages of the Health & Biotechnology Sector's development and ongoing research will continue to attract investment.

In 2002, building on the strengths of the biotechnology sector in Hamilton, the City and McMaster University embarked on a number of actions to encourage the commercialization of medical research.

These initiatives will put in place the requisite physical and support infrastructure for growth and bring together community leaders to chart the course for the City's biotech cluster.



Formation of Steering Committee

• The Hamilton Biosciences Steering Committee was formed to oversee the development of a biotech strategy and a business plan for an incubator. Steering Committee members include: John Capone, McMaster University; Ian Cowan, PricewaterhouseCoopers; Lauren Cuddy, Innovus Research Inc.; Neil Everson, Economic Development Department, City of Hamilton; Anthony Giovinazzo, GB Therapeutics; Allan Greve, St. Joseph's Healthcare Hamilton; Syd Hamber, J.J. Barnicke Real Estate; Patty Hoogendoorn, Affinity Biologicals Inc.; Bill MacLeod, Hamilton Health Sciences Corporation; Brian Underdown, MDS Capital; Jeff Weitz, Henderson Research Centre. Ex-officio members: Mayor Robert Wade, City of Hamilton and Dr. Mamdouh Shoukri, McMaster University. Committee Secretariat: Nick Markettos, McMaster University and Dorothy Redfearn, City of Hamilton.

Hamilton Biotech Strategy

• An RFP was issued and proposals were received for a consultant to prepare the business plan and biotech strategy for Hamilton. The Steering Committee will align this work with the Provincial Biotechnology Cluster Innovation Program, announced in June, by exploring the full range of physical and support infrastructure needed to develop this sector.

Incubator Funding

• Presentations were made to the Community Trust Panel regarding the proposed biotechnology incubator. The Panel recommended that a $5 million contribution be made to the funding of the incubator from the Hamilton Future Fund. The recommendation was approved by City Council in September 2002.

Tax Incentive Zones

• The City of Hamilton has joined Ottawa, Toronto, Kingston, London and Guelph in making application to establish tax incentive zones for biotechnology under the Provincial Tax-Incentive Zone Pilot Program.

Hamilton Biotechnology Profile

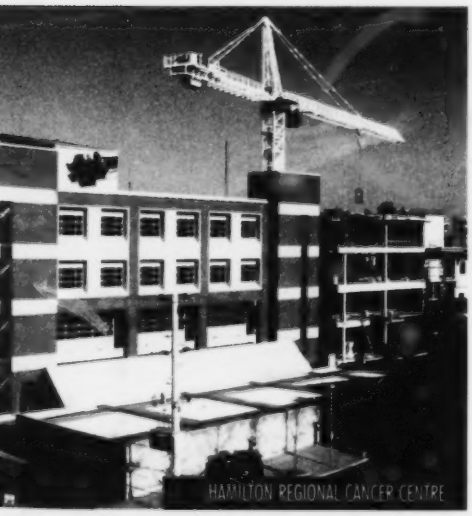
• The City's Economic Development Department has completed the development of a biotechnology profile for Hamilton. The Profile highlights the people, companies and resources that make this a key sector for the City.

Health Care Investments

St. Joseph's Hospital is constructing a new $120 million, 10-storey, 345,000-square-foot tower to expand and renew patient care areas, academic and research areas as well as new technology.

A central component of the hospital's re-development project is the Firestone Institute for Respiratory Health (FIRA), a state-of-the-art outpatient and new patient facility to accommodate respiratory and thoracic services. Further enhancing the reputation of this teaching hospital will be the St. Joseph's/McMaster University Academic Centre. The facility will include a 250-seat auditorium and break-out rooms with the advanced technology to support conferences, meetings and dissemination of cutting-edge research.

The library and information centre is undergoing a significant expansion to provide clinicians, scientists, learners, patients and families with access to timely and relevant information.



• Hamilton Health Sciences has a new home for the McMaster Family Practice and Centre for Reproductive Care. In spring 2002, Hamilton Health Sciences relocated both services from McMaster University Medical Centre (MUMC) to the new West End Clinic, a 25,500-square-foot building at 690 Main Street West. Approximately $2.5 million in renovations were made to the 50-year-old building to meet the needs of the hospital's fertility and family practice patients. The move has freed up 15,000 square feet at MUMC for the future expansion of the emergency department.

• Construction to expand treatment facilities at the Hamilton Regional Cancer Centre is currently under way. The expansion will enable the HRCC to significantly increase services to better serve the needs of patients in the region. The $45 million project includes the installation of five new state-of-the-art dual energy linear accelerators used in radiation treatments.

Renovations and expansion of several areas include clinics, a patient observation area, pediatric recovery suite and rooms where support services such as teaching and counselling are provided.

Mohawk/Mac Launch Nursing Degree Program

In 2002, Mohawk College and McMaster University celebrated the launching of a collaborative nursing degree program to meet the need for more nurses.

Since the opening of the state-of-the-art Mohawk-McMaster Institute for Applied Health Sciences building in September 2000, both institutions have been charged with developing collaborative programs.

This relationship continues to foster new and exciting developments in healthcare education and in early 2003, it is expected that Mohawk College and McMaster University will unveil plans for a new collaborative program in medical radiation sciences.

Beginning in September 2004, the fully integrated diploma-degree program – the first in Ontario for diagnostic medical sonographers – will provide students with the training they need to pursue careers in the field of medical imaging.

The start-up costs for the collaborative project are estimated at $5.7 million, with $2.2 million coming from Ontario's Strategic Skills Investment Program and a further $1.4 million contribution from industry partners. Mohawk College is already Ontario's No. 1 trainer of medical imaging graduates.

Hamilton Airport Continues To Fly High

There are many attributes contributing to the continuing growth and success of the John C. Munro Hamilton International Airport (HIA).

HIA, which is strategically located in the south end of the City, has no night flying restrictions, features a 10,000-foot runway and can support inter-continental traffic on a 24/7 operating basis, making it into a hub for cargo traffic.

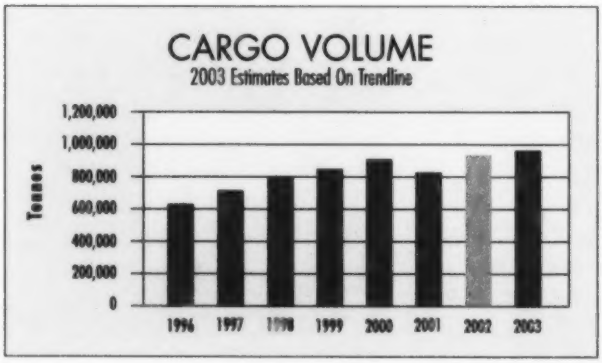
Operated by Tradeport International Corporation on behalf of the City of Hamilton, HIA has the potential to become one of the major airports in Canada, with an economic development objective to create an industrial, commercial and residential community around it.

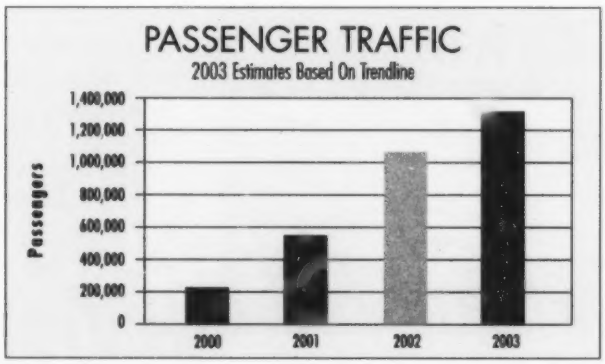
The Hamilton Airport also offers high productivity, no congestion and low-cost airport services. Transportation linkages such as air-to-road and rail-to-port are additional factors for successful business activity in the Hamilton area.

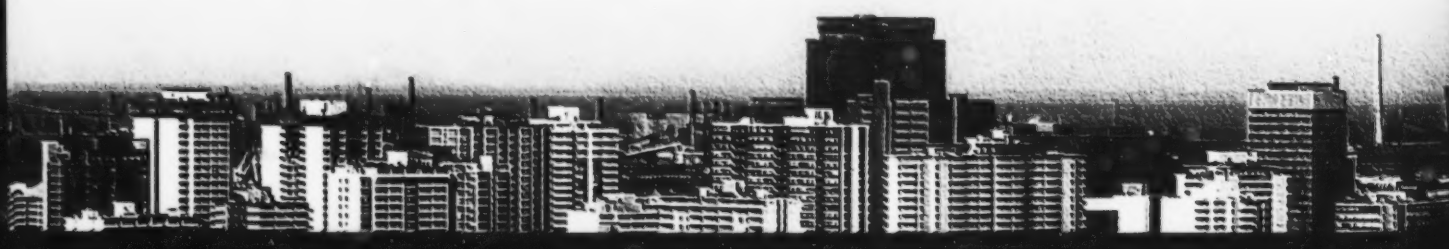
The Airport is clearly an economic engine for Hamilton and will support the future development of the other sectors.

2002 proved to be another year of great achievements at the Airport. A comprehensive approach to economic development, marketing/communications stream for business attraction and customer services resulted in a number of successes:

- Passenger Service saw a staggering 64 per cent increase over 2001, and even greater growth is projected for 2003;
- Commercial Aircraft Movement saw a 12 per cent increase over 2001 and growth is also projected in that area for 2003;
- Cargo shipments from the Hamilton International Airport were up almost 10 per cent from 2001 reflecting a full recovery from the previous year's economic downturn and the plunge in air traffic post September 11, 2001;
- Cargojet Canada Inc. of Mississauga emerged as a major cargo operator from the Hamilton Airport.







Aggressive Expansion Takes Flight

In March 2002, HIA management announced an aggressive expansion and development plan that will enable the Airport to accommodate up to five million passengers annually. Phase I of that plan, representing an investment of almost $15 million by TradePort International, has been completed including:

Ticketing and Departure

• To accommodate a 64 per cent increase in passenger traffic, and plan for growth, HIA has added 10 new domestic check-in counters, two new out-bound baggage conveyors, a new baggage carousel in the domestic arrivals area, and enhanced security features.

Tenant Improvements

• In September 2002, construction got under way on a 50,000-square-foot line maintenance hangar. Completion is slated for the first quarter of 2003.

International Arrivals

• An expanded International Arrivals wing was added to the Airport in 2002. The new facility provides interim international arrivals accommodation in a temporary structure linked to the southeast corner of the existing terminal. Included in the wing is a dedicated baggage carousel; four primary and three secondary inspection stations for Canada Customs. Service capacity is increased to 200 persons per hour.

Parking Lot Expansion

• The tremendous growth in passenger traffic made it necessary to improve and expand parking services at the Airport. A user-friendly parking system with enhanced security capabilities was added. Lot capacity was increased to handle over 2200 vehicles.

Service Extensions

• Increased service to Ottawa, Moncton and Edmonton was added by WestJet in 2002. WestJet also announced that service to Halifax from Hamilton will begin in February of 2003.

• Signature Vacations and GoTravel Direct joined Sunquest in offering service to five sunny destinations from HIA.

New Roads Will Improve Airport Access

RED HILL CREEK EXPRESSWAY

• Construction of the North-South Link of the Red Hill Creek Expressway is expected to begin in the second quarter of 2003. The cost of building the north-south leg of the expressway will be $139 million, with the Ontario Ministry of Transportation (MTO) contributing 50 per cent. The 2007 completion will coincide with the MTO's widening of the QEW. In conjunction with the widening, the MTO is constructing the interchange that will connect the QEW to the Red Hill Creek Expressway.

THE NEW HIGHWAY 6

• The Ministry of Transportation is currently designing and constructing several of the structures needed to build the first phase of the new Highway 6 project. The first phase will establish a new two-lane highway from Highway 403 to the HIA, once all the necessary lands have been acquired. The new highway is scheduled for opening in 2004. Future phases for the project include widening of the first phase to four lanes and extension of the roadway south to Caledonia.

MID PENINSULA CORRIDOR

• The first phase of the Mid Peninsula Corridor, a proposed four-lane roadway linking the Niagara Peninsula and the GTA along the top of the escarpment, got under way in 2002. It involves completion of the Niagara Peninsula Transportation Needs Assessment Study, and establishment of the Environmental Assessment Terms of Reference that will guide the work during the route planning phase of the study. It is expected that a decision on the Terms of Reference will be made in 2003.

ICT Sector Faces Prosperous Future

Thanks to an excellent quality of life, strong educational institutions, many high tech users and a skilled labour force, Hamilton made significant strides in the Information and Communications Technology (ICT) Sector. Here are some ICT highlights from the year 2002.

MOHAWK BREAKS GROUND ON CENTRE FOR EXCELLENCE

• In 2002, Mohawk College celebrated the groundbreaking of its new multi-million dollar Centre for Excellence in Information Technology at the Fennell Campus. Set to begin academic operations in the Fall of 2003, the centre houses such unique areas as an e-learning commons and a centre for innovation and applied research.
• Also last year, Mohawk College was involved in implementing a campus web portal that will provide one-stop shopping for the entire Mohawk College community, with enhanced communications, web self services, and access to administrative systems via the internet.

$1.3 MILLION DONATION TO CREATE INFO-TECH CHAIR

• Information technology leader, Dr. Doug Barber, and Gennum Corp., donated $1.3 million to McMaster University to create the Barber-Gennum Chair in Information Technology. An engineer and professor, in addition to being a Gennum founder, Barber believes the only way to ensure there are enough highly skilled people working in the information technology sector is to make sure there are enough professors available to teach them.

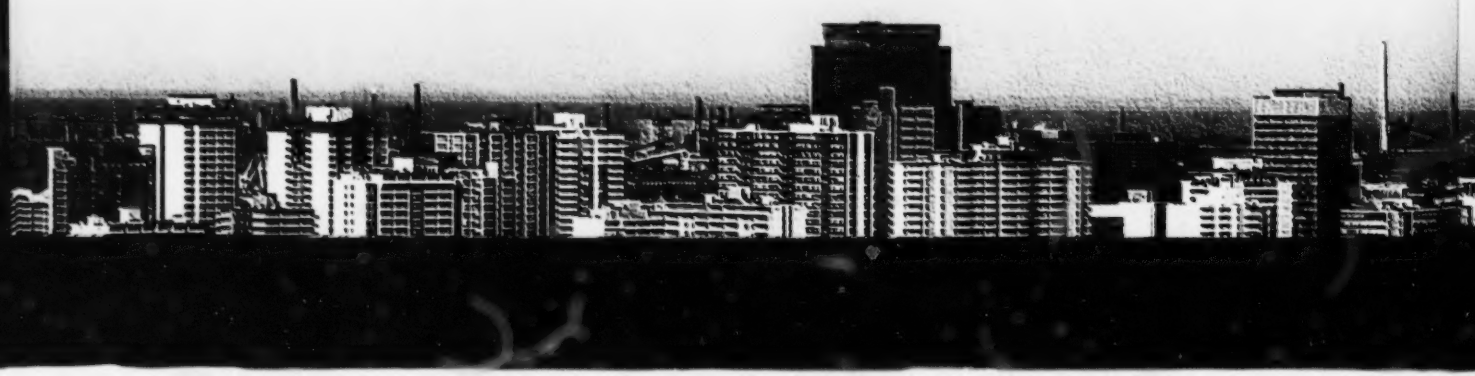
MOHAWK COLLEGE CENTRE FOR EXCELLENCE

NEW HOME FOR MCMASTER'S INFORMATION TECHNOLOGY PROGRAM

• McMaster's Information Technology program has taken up residence in the former teacher's college complex on the south end of the university's campus. More than $12 million was spent in renovations which modernized the 82,000-square-foot interior to accommodate the Faculty of Engineering's computing and software department and the electrical and computer engineering program – all while maintaining the building's original stone exterior. The facility is also home to the new Software Quality Research Laboratory (SQLR), which is a leading source of expertise and academic research in software quality assurance.

FLUID MEDIA TEAMS WITH FORTUNE 500 COMPANY

• Shaw Contract, the world's premier carpet manufacturer, worked with Fluid Media Inc. of Hamilton to envision, design and develop a web destination for its network of commercial interiors customers. Working with Shaw's Marketing and IT departments, Fluid and its U.S. partner, KingMahon Design Partnership, developed an innovative user interface to corporate repositories of information. By providing comprehensive software development services to integrate mainframe, marketing and site-specific online databases, Fluid created a Virtual Resource Library with over 5500 SKUs. Shaw Contract, a Fortune 500 company, is a subsidiary of Shaw Industries.

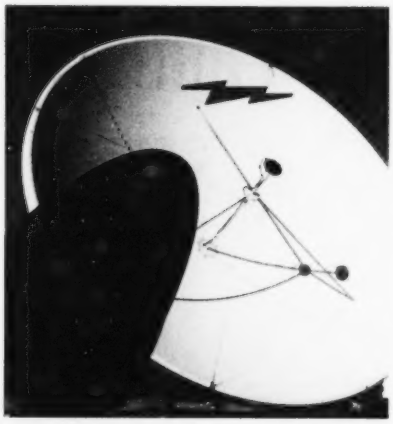


JUCH-TECH – HAMILTON'S CARRIER TO THE WORLD

Satellite carrier Juch-Tech Inc. enjoyed many successes in 2002, including:

- launching a satellite hub for 7CZ International, serving over 2,000 African Internet Service providers;
- providing Internet delivery for Marine, ship-to-shore services for Eutelsat Paris;
- providing Internet gateway service to the Ivory Coast for IrisTel and to Bamako Mali for Telus Solutions;
- building and providing three digital satellite news gathering trucks to cover the Pan Am Games in the Dominican Republic.

Juch-Tech Inc. is the satellite carrier for a number of international customers in the broadcasting and telecommunications industry. It is the owner and operator of the Hamilton Teleport, which receives and transmits signals from and to international stations. It is the North American gateway



for radio and television broadcasters, telecommunication carriers and Internet service providers in under-served locations.

Juch-Tech has built a number of networks at home and abroad. In Canada, for instance, Juch-Tech installed an 800 VSAT network for the Shoppers Drug Mart chain – one of the largest contracts ever awarded in this country.

FIBREWIRED EXTENDS SERVICES AND ADDS NEW PRODUCTS

- Working with the Hamilton Economic Development Department, FibreWired extended services in 2002 to business areas in Flamborough and to the Ancaster Industrial Business Park.
- FibreWired also added new products and services to their portfolio, offering web hosting, IP VPN, wireless access and the delivery of the first "Hot Spot" location in Hamilton, at the Hamilton Convention Centre in 2002.
- With revenue that has grown by almost 170 per cent over the past two years, FibreWired currently has approximately 500 kilometres of fibre-optic cable connecting more than 500 business and organizational sites in Hamilton.
- FibreWired was founded in 2000 as a unit of the newly incorporated Hamilton Utilities Corporation.

Agriculture Industry Grows Stronger

In Spring 2002, the Economic Impact Study Steering Committee commissioned a study to identify the nature of agriculture within the boundaries of the City of Hamilton. This comprehensive study will be released by June of 2003.

Preliminary findings show that agriculture and agriculturally related businesses generate economic activity in excess of $800 million annually through direct and indirect employment and through the buying and selling of goods and services.

Final study results will assist municipal, provincial and federal agencies in identifying existing and future requirements needed to support a viable agricultural industry in the City of Hamilton. These findings will provide the agriculture community with recommendations on how to maintain and strengthen agriculture and to support good land use planning decisions that meet "Smart Growth" initiatives.

Land use statistics for 1996 indicate that 65 per cent of the City of Hamilton's total landmass was agriculture-based.

A Record Year For Film Production

The Film, Television and Commercial Production Industry glowingly refers to Hamilton as "Toronto's Back Lot." Local statistics for 2002 surpassed numbers that even industry insiders find astounding.

Hamilton hosted 58 productions with a total of 834 prep, wrap and shoot days. These numbers more than triple any previous annual total Hamilton has experienced during its emergence as a premier host community to production crews.

Statistics provided by these Production Companies working in Hamilton, estimate direct spending into our local economy in excess of $5 million dollars. In 2002, the Ontario film and television industry confirmed spending of $984.5 million into the provincial economy.

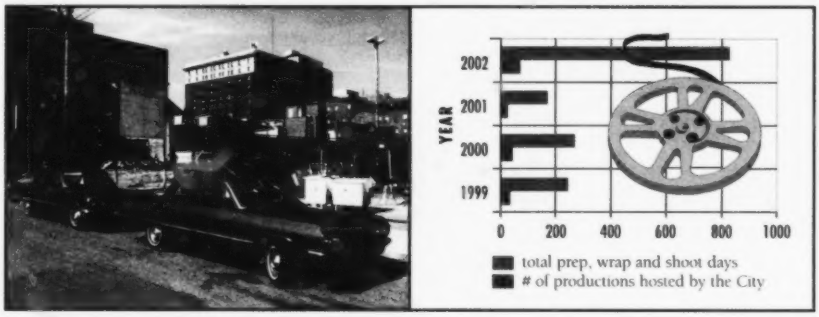
The Hamilton Film Liaison Office (HFLO) in partnership with the Government of Canada, received funding through the Department of Canadian Heritage in 2002 to develop a "Digital Location Library."

This library will enable the industry to view Hamilton's many diverse locations and ultimately attract more business to the local community.

This library will also be a shared asset with the Ontario Media Development Corporation in their comprehensive location library located in Toronto.

In addition, HFLO will host this asset on the City of Hamilton's website, premiering Hamilton to production companies and crews from around the world.

Hamilton's reputation as an "affordable, film-friendly," destination continues to grow through the tremendous efforts of local business, residents, government staff, departments and local officials.



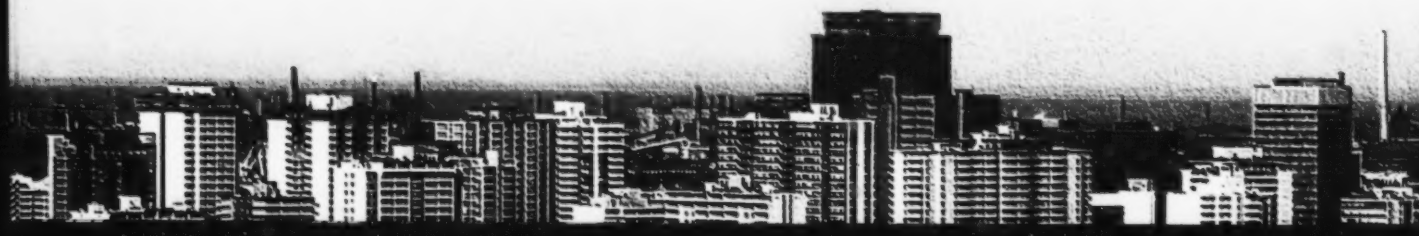
Backed by an educated and well-trained workforce, Hamilton's Film Industry sector attracts numerous foreign and domestic projects, including television series, movies, mini-series, specials, pilots, docudramas, feature films, animation, music videos and commercials.

In 1999, a full-time Hamilton Film Liaison Office (HFLO) was established to increase film activity through marketing efforts and unparalleled service.

With HFLO leading the initiative, working co-operatively with the Ontario Media Development Corporation and the Toronto Film Office, Hamilton is in an excellent position to take advantage of growth in the Film Industry.

The direct, ever-increasing spending of the Film Industry makes this sector look very promising for the future economic strength of Hamilton.

• Copps Coliseum was transformed into the Cleveland Coliseum for the feature film "Against The Ropes."



Help For Aspiring Entrepreneurs

The Small Business Enterprise Centre (SBEC) provided assistance to 20,000 people who contacted or visited the Jackson Square location in 2002.

Outreach efforts took SBEC's expertise directly to more than 4,000 entrepreneurial students and area small businesses.

A recent survey shows SBEC is making a real difference to its market niche. In fact, 84 per cent of those surveyed were highly satisfied with the service received. Most respondents were already in business (66 per cent) with the remainder (34 per cent) investigating a start-up. The majority of clients (64 per cent) were looking for support in the areas of business planning, marketing, and financing.

SBEC is a one-stop source for information, guidance and professional advice on starting and running a successful business. It offers personalized consultation sessions, an "Access to Professionals" program, in-house library and seminar series designed to explore the specific needs of community entrepreneurs.

SBEC staff, together with their professional partners, which includes

teams from PricewaterhouseCoopers LLP and Simpson Wigle LLP, had one-on-one consultations with 600 businesses.

During Small Business month in October, SBEC hosted the "Bridges to Better Business" conference with the City's Downtown Renewal Division and SBEC partners. More than 185 individuals learned how to succeed in this growing sector, viewed tools available at the trade fair and networked with their peers.

SBEC has a number of programs in place for youth entrepreneurs.

A Business plan competition inspired Hamilton's secondary school entrepreneurs, with 25 plans submitted by individuals or teams of students from eight schools.

Five business plans were recognized and cash prizes were awarded with first place receiving $1,000. Six students took part in the provincially funded Summer Company program where they were given up to $3,000 to start up their own summer business. Mark Kohoko of Markan Services for one received an additional award from SBEC for outstanding achievement through this program.

SBEC operates under the direction of the City of Hamilton's Economic Development Department. Industry partners include the Ontario Ministry of Enterprise, Opportunity and Innovation, Industry Canada, Hewlett-Packard (Canada) Ltd., Royal Bank Financial Group, Teletron Communications Inc., PricewaterhouseCoopers LLP, Simpson Wigle LLP, Business Development Bank of Canada, Hamilton Chamber of Commerce and the Hamilton Junior Chamber of Commerce.

HR MATTERS STUDY

Hamilton's HR Matters Study, examining the City's labour supply as it applies to the local economy and targeted business sectors, was completed in 2002.

This six-month, $200,000 project was funded by Human Resources Development Canada, the Hamilton Training Advisory Board and the City. The study focussed on the impacts associated with City and provincial demographic changes, and the resulting skilled labour shortages.

HR Matters II, the development of a business plan based on findings from the first phase, is currently in progress and will be presented in June of 2003.

Steering committee members include: About Town Event & Meeting Planners; CanReg; Dofasco; Economic Development Department, City of Hamilton; Hamilton Chamber of Commerce; Hamilton Health Sciences Corporation; Hamilton Industry Education Council; Hamilton Training Advisory Board; Hamilton-Wentworth Federation of Agriculture; Human Resources; Development Canada (ex-officio); Marrek Solutions Inc.; McMaster University; Mohawk College; Ontario Ministry of Enterprise Opportunity and Innovation; Public Health Services Department, City of Hamilton; Tradeport International Corporation.

Canada Place Fuels Downtown Growth

More than $63 Million In Building Permits Issued In 2002

A total of 82 building permits, with a value of $63,472,019, were issued within the Downtown Core in 2002. This represents a 220 per cent increase in construction value over 2001.

This dramatic increase in construction value has been buoyed by the construction of Canada Place on Bay Street.

The new nine-storey 25,000-square-metre facility will house over 1,000 federal government employees from Canada Customs and Revenue Agency, Citizenship and Immigration Canada, the Department of Defence, Heritage and Veterans Affairs as well as other tenants.

The first new major office development in Downtown Hamilton in more than 10 years, the federal building is scheduled for completion in the summer of 2003.

Other Downtown building highlights:

• **Chateau Royale,** at 135 James Street South, was largely responsible for a rise of over 40 per cent in residential building permits issued for the City Core in 2002.

Chateau Royale, once a Class D office complex, has opened its model units for public viewing. The units have been furnished and decorated by a well-known, local interior designer. Sales have been brisk and have increased dramatically since the opening of the model suites. Over 30 per cent of the units have been sold.

Plans of the different model units can be viewed at www.chateauroyale.ca.

CANADA PLACE

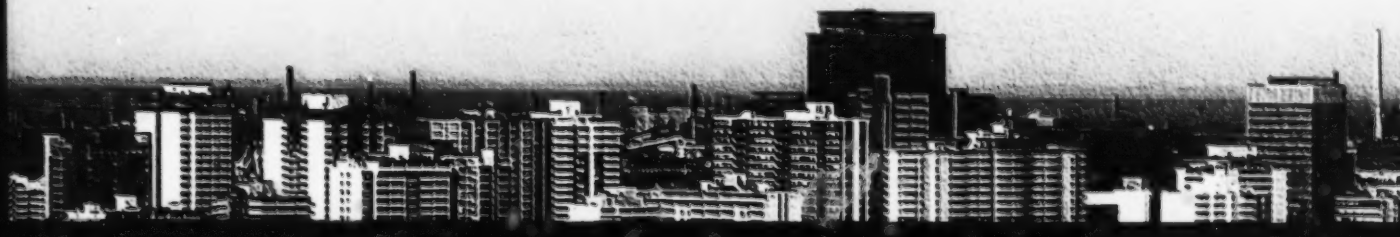
CHATEAU ROYALE

BELL CANADA OFFICE

• **Bell Canada** re-inforced its commitment to Hamilton by signing a 10-year lease in the Robert Thomson Building at 110 King Street West. In March 2003, Bell will move 650 employees into 90,000 square feet of space spread over five floors.

The central location of the facility was a key factor in Bell's decision, affording employees proximity to both transit and retail services. The newly renovated building provides a high tech office environment allowing Bell to better serve its customers. Bell spent over $6.5 million to create a highly efficient work environment featuring ergonomic work centres for each employee and separate training and conference room facilities.

Bell's decision to stay Downtown is a major vote of confidence. It's further proof that Hamilton is truly a "great place to do business" and that the Downtown is seen as a strong regional corporate centre.



• **The McMaster University Downtown Centre** officially opened in November 2002. A successful partnership between McMaster and the City of Hamilton, the Centre is located in the former Wentworth Court House building at Main and John streets. The University's presence is expected to bring about 3,000 continuing education students Downtown, spurring even further rejuvenation initiatives.

The Downtown Centre is home to 17 administrative offices, housing 200 McMaster employees including payroll, purchasing, human resources and the Centre for Continuing Education.

Also located at the Centre is the United Nations University International Network on Water, Environment and Health which moved from a location on campus.

The Centre for Continuing Education, for instance, now has the space it needs in the Downtown Centre to grow and expects a 25 per cent increase in registrations for certificate and diploma programs.

MCMASTER UNIVERSITY DOWNTOWN CENTRE

• **Dan Lawrie Insurance Brokers Ltd.** signed a seven-year lease on an expanded 14,000-square-foot premise in Effort Square. Dan Lawrie, with more than 70 people on staff, specializes in personal and corporate insurance and related financial services. It is ranked in the top 5 per cent of insurance brokerages in Canada.

• **London Life** signed a five-year lease and moved its Freedom 55 Financial Centre from East Hamilton to the Downtown Core. The Financial Centre occupies 9,500 square feet of office space at 100 King Street East. The new office accommodates 60 financial security advisors, management and staff.

THE COMMUNITY ENERGY CENTRE

• **The Community Energy Centre**, once completed, will move the Downtown Core a step closer towards energy self-efficiency. The $11 million facility, on the southeast corner of the Sir John A. Macdonald High School property, will provide energy to 11 large buildings including the high school, Copps Coliseum, the Hamilton Convention Centre and City Hall.

Through the state-of-the-art facility, thermal (hot water) and electrical energy will be produced by a natural gas-fired combined heat and power plant. The waste heat produced is collected and then transported in the form of hot water, via a system of underground pipes, to the customers on the system and significantly reduces combustion emissions and greenhouse gases in the Core area.

Tourism Hamilton Established

With the establishment of Tourism Hamilton Inc., 2002 was a year of significant transition and numerous tourism achievements. Among the tourism highlights for 2002 were the following:

- The establishment of a 19-member industry Board of Directors, representing 11 sectors of Hamilton's tourism industry;
- Election of the first Tourism Hamilton Executive, headed by John Gibson as the organization's first President;
- Official incorporation of the public-private partnership on June 26, 2002;
- Hosting five industry strategy sessions in August and September, attended by over 100 tourism representatives;
- Hosting the first-ever Tourism Hamilton Summit on October 2, attended by 144 tourism stakeholders;
- Staging of the fifth annual Tourism Awards of Excellence on October 2, attended by 440 guests;
- Creation of Tourism Hamilton's first Tourism Business Plan (2003-2007);
- Publication of Tourism Hamilton's first Marketing Plan (2003) and its accompanying publication, the Partner Participation Guide – a key planning and budgeting tool for Hamilton's tourism industry;
- Full participation of Tourism Hamilton on the Hamilton bid committee for the 2010 Commonwealth Games.

2003 will be another important year in the evolution of Tourism Hamilton as the City of Hamilton hosts two major sporting events: the Bell Canadian Open Golf Championships and the World Road Cycling Championships. Both events will draw thousands of new visitors to the City and offer tremendous media exposure.

AGH, RBG Receive Financial Boost

The Federal and Provincial governments re-inforced the importance of two of Hamilton's tourist destinations by contributing $10 million to the Art Gallery of Hamilton (AGH) and $18 million to the Royal Botanical Gardens (RBG) towards their respective expansion projects.

The AGH will expand and refurbish its facility to strengthen its status as a world-class art gallery. Renovations (see rendering above) will include insulating the external structure with gold-coloured steel panels, creating an entrance on King Street and constructing an atrium and pavilion.

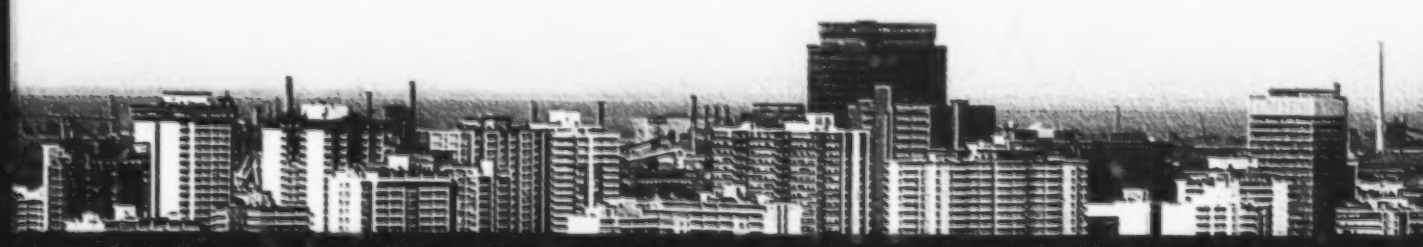
These renovations will enhance the services offered by the Gallery, strengthen its ability to attract major traveling exhibitions and ensure the continued preservation of one of the finest art collections in Canada. Construction on the Gallery is expected to be completed by 2005.

The ambitious RBG expansion will transform the facility into a year-round tourist attraction and cultural institution.

Two dramatic glass conservatories, imitating a tropical cloud forest and the Mediterranean climate, and areas for all-weather activities will complement RBG's world-renowned outdoor gardens and nature sanctuaries.

The RBG expansion will allow for more special events, changing exhibits, and innovative programs that are designed for people of all ages.

The AGH and the RBG projects are both initiatives of the Canada-Ontario Infrastructure Program, funded by the Federal Government through Industry Canada and from the Government of Ontario through SuperBuild.



City In Running For Games

Commonwealth Games Canada announced in December that the City of Hamilton will carry Canada's bid forward to the Commonwealth Games Federation for the 2010 Games.

Tourism Hamilton has been an active member of the Hamilton Bid Committee and looks forward to working on the international bid as part of a team that will include Commonwealth Games Canada as well as an expanded commitment from the Ontario Ministry of Tourism and Recreation.

Securing the Commonwealth Games for Hamilton, Ontario and Canada would have at least four major impacts and legacies.

• the Games would further develop sports, not only in Hamilton, but also in Ontario and Canada;

• Hamilton would also see the construction and retrofit of world-class facilities that would be used before, during and after the Games;

• the Games would bring a renewed sense of community, with a focus on staging the Games. The civic engagement experienced from preparing and hosting a large, multi-sport event would be felt for many years, before and after the Games;

• the impact of the Games, on tourism in general and sport tourism in particular, would be substantial. Hamilton will have the chance to showcase itself on the world stage – welcoming participants and spectators from around the world, and receiving world-wide media exposure.

The Next Step: Winter and spring of 2003 will see critical work completed on the organizational structure of the Bid Committee as well as the actual Bid Document and Strategy for the Bid process. An economic impact analysis of the Games will also be undertaken.

The 2010 Games are awarded at the Commonwealth Games General Assembly, scheduled for October 29 through November 3, 2003 in Jamaica.

For more about the Canadian Bid, visit: www.hamilton2010.ca

Incentive For Hotel Development

In December, City Council approved a change in the City's development charges by-law that is intended to encourage hotel development.

The new policy allows developers to defer development charges, interest free, for up to five years. Under this policy, the City gets revenue back earlier while hotel developers will obtain assistance with their cash flow during the initial stages of the investment.

The Development Charge Payment Deferral Agreement for the Hotel/Motel Industry Policy is a variation of the City's current non-residential deferral agreement policy. That agreement allows for the deferral of development charges for 10 years, with interest accruing on unpaid balances for the duration of the term. The new policy for hotel and motel development provides more flexibility to maximize development potential in Hamilton.

Hotels Make Hamilton Even More Accommodating

Hamilton will be more accommodating than ever thanks to new construction and some major upgrades on the hotel front, including the following:

• A Marriott Courtyard with a 137 guest rooms and suites is planned for 1224 Upper James Street. It will feature a restaurant, terrace lounge, a business library and a fitness centre with indoor pool (left). Construction is expected to begin in 2003.

• The Ramada Plaza Hotel saw major renovations, including a new, beautifully renovated boutique-style lobby and facade, guest room upgrades, and re-decorated meeting and banquet facilities.

Other upgrades to the hotel include a newly enclosed swimming pool, sauna and a state-of-the-art fitness facility and spa.

• Another magnificent project in the works is Ramada's state-of-the-art Conference Centre, scheduled to open in 2003. This three-level facility will feature the latest teleconferencing and audiovisual presentation technology.

Economic Outlook

The Canadian economy was red hot in the first half of 2002 with annualized growth rates of 6.2 per cent and 4.3 per cent, respectively, in the first two quarters. Although the GDP slowed to 3 per cent in the fourth quarter, Canada still retained its "Northern Tiger" status. This growth was particularly impressive when compared to the dismal 1.7 per cent GDP growth in the U.S. in 2002.

In the Chinese calendar, 2003 is the year of the Ram, which really is very fitting considering that most banks and economists are forecasting that it will be the year of the "sheepish recovery." And, as usual, any potential for recovery and growth revolves around the economic health of our neighbours to the south.

In the fourth quarter of 2002, the U.S. economy virtually ground to a standstill and the best-case scenarios project growth in the U.S. at only 2.4 per cent in 2003.

Any chance at recovery in the U.S. is solely contingent upon how the business sector responds to a slower sales environment and heightened concern about the ongoing conflict with Iraq.

Provided that the Iraq situation is quickly resolved and the economic turmoil in Latin and South America eases, the uncertainty in the equity markets and consumer spending should begin to ebb.

With cash flow and inventory-to-sales ratios returning to pre-recession levels, all the business fundamentals are in place in the U.S. for a strong second half of 2003.

Naturally, as the U.S. economy claws its way back from tough economic times it will automatically pull Canada's economy on to a faster track.

However, for the Canadian economy there are four factors to be concerned about if a year of very choppy growth is to be avoided. First is the increasing value of the Canadian dollar. At the time this forecast was written, the Canadian dollar had just broken the $0.67 U.S. barrier and appeared headed to the $0.68 U.S. prediction made by most Canadian banks.

The increasing value of the "loonie" has an immediate negative impact on Canadian exports – particularly to the U.S. and this is reason for concern considering the fact that in November of 2002 Canada's trade surplus retreated by $750 million.

The second factor is the swelling U.S. trade deficit. In both October and November 2002, the U.S. trade deficit grew by 14 per cent and 10 per cent, respectively. The concern for Canadian companies is that this may prompt the U.S. into increased protectionist activities.

The third potential trouble spot could be excess capacity and inventory in the Canadian manufacturing sector that will directly impact corporate profitability and employment levels.

The final factor is inflation. Once again, the ongoing conflict with Iraq is wreaking havoc in the oil markets, with the resulting pressures being transferred directly to consumers and industry.

The Institute of Supply Management (ISM) in the U.S. is usually one of the best barometers in forecasting the state of their economy over the next six to 18 months.

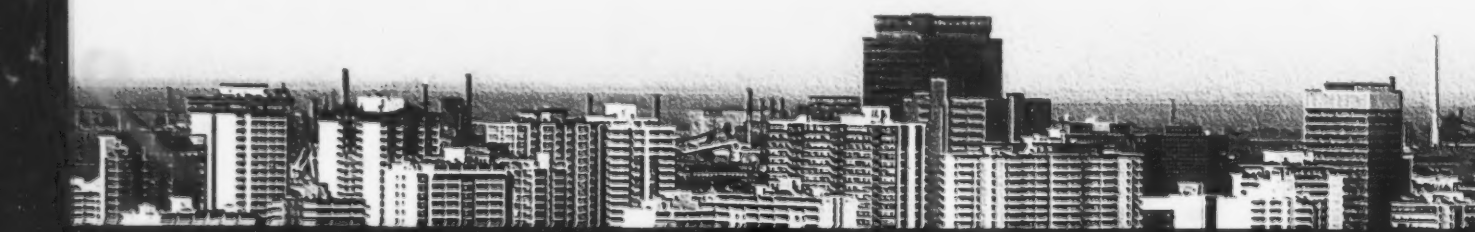
The ISM's most recent forecast offers similar cautious opinions regarding the economic recovery – with the Iraq situation consistently cited as the primary reason for uncertainty and as a deterrent to business groups.

Nevertheless, the institute highlighted the fact that the manufacturing sector in the U.S. grew for the first time in four months and that the overall economy grew for the 14th consecutive month.

Of the 20 industries included in the manufacturing sector, 11 industries reported strong growth led by Transportation & Equipment, Chemicals, Electronic components & Equipment, and food. Similarly, ISM's new order index rose in December 2002 with a reading of 63.3 per cent which confirms that the manufacturing sector is expanding.

These statistics from the ISM support the forecasts for all of the Canadian banks, the Conference Board of Canada, etc. that the Canadian economy will remain below its potential of 3 per cent annual growth until the final quarter of the year.

Once the uncertainty on the world stage dissipates, Canada's job and economic growth should continue its robust performance and the economy should be operating at close to full capacity.



Local Perspective

In 2002, Hamilton's economy generally outperformed forecasted levels. Non-residential development in Hamilton bucked the national trend with a 4 per cent growth rate – that's an 8 per cent differential compared to the rest of the country which showed a 4 per cent decrease.

The non-residential growth in building permit values was led by the institutional ($150 million), commercial ($107 million) and industrial ($50 million) sectors. Residential growth again recorded another banner year in Hamilton with some $352 million in new building permits.

There were several bright spots in the local economy in 2002 but by far the brightest was the announcement by steel giant Dofasco of a $700 million expansion and upgrade to its Hamilton operations.

And, equally as significant were the developments which unfolded at the John C. Munro Hamilton International Airport (HIA). In 2002, for the first time ever, the HIA broke the one million passenger barrier. Further, WestJet added two new destinations – the cities of Halifax and St. John's – to its Hamilton hub. WestJet also plans to add Montreal as a destination.

The City's cluster-based strategy has proven that initial efforts to diversify Hamilton's economy are beginning to bear fruit. And, here are some examples:

- Film production in 2002 obliterated previous records, in terms of both total number of productions and the total number of filming days;
- Hamilton, which received $5 million in funding for a Biotechnology incubator, is now a major part of Ontario's Biotech Corridor, and has its own page on the Province's Biotechnology website;
- A recently completed economic impact analysis of the city's agricultural sector confirms that $225 million of farm receipts are generated annually in the City of Hamilton;
- In 2002, the City's Brownfield efforts resulted in the re-development of 11.3 acres of industrial property and the year 2003 will see the very successful ERASE program go City-wide.

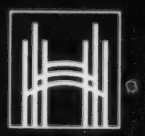
Finally, in regards to Hamilton's Downtown Core, 2002 provided proof positive that the City's renewal efforts are working. For example, there were more than $63 million in building permits issued in the Downtown Core in 2002.

So, what does 2003 hold for the Hamilton economy?

All indications are that it will be another year of solid non-residential growth, particularly in the industrial sector.

Residential growth in Hamilton should again remain strong although rising interest rates may result in lower total building permit values as compared to the stellar performances of years past.

And finally, though not measurable in terms of building permits, the City of Hamilton will be playing host to two world-class events (the Bell Canadian Open and the 2003 World Cycling Championships), which should result in a considerable economic impact for the City's business community.



Hamilton

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